



Shipping Costs for Agricultural Products

Transportation Services Branch
Agricultural Marketing Service
U.S. Department of Agriculture



Who we are...

As a USDA authority on transporting agricultural products to market, the Transportation Services Branch (TSB) informs, represents, and assists agricultural shippers.

Our activities include:

- **Market reports**
- Regulatory representation
- **Economic analysis and reports**
- Technical assistance
- Outreach
- Responding to inquiries

Modal & Commodity Expertise

- Bulk grain
- Containerized, high valued products
- Truck
- Barge
- Rail
- Air
- Ocean-bulk
- Ocean-Container

Market & Economic Reports

- Grain Transportation Report
- Ocean Freight Rate Bulletin
- Grain Transportation Prospects
- Agricultural Ocean Trends Report

Purpose

- Assist new shippers and exporters understand potential costs
- Help experienced shippers and the industry understand trends that have an effect on costs
- Keep tabs on changes in costs and the impact on agricultural trade

Ocean Freight Rate Bulletin

- Quarterly report that tracks freight rates for U.S. agricultural containerized exports
- Provides a side-by-side comparison of shipping line market share, tariffs, and services for specific trade lanes and commodities
- Started in 1994 with 3 commodities and 3 trade routes
- Now covers 18 commodities and 15 foreign markets

Example: Grapes from LA/LB/Oak to Tokyo, June 30, 2002

TEUs: 36.8/74.8	Maersk/SeaLand	Hanjin	MOL
Market Share	52%	35%	14%
Month/Year	71%	17%	11%
Transit Time	10 Days	9 Days	10 Days
Base Rate	\$3,200	\$2,650	\$3,500
BAF	\$50	\$50	\$50
CAF	39%	--	--
Chassis	\$40	--	\$40
Container Rate*	\$4,538	\$2,700	\$3,590

*Based on a typical shipment: 40 reefer; YY; 15 KT; 1400 Packages

Data Collection

- PIERS data (trade lane information; shipping line market share)
- Internet rate retrieval systems
- Shipping line websites
- Phone/fax/email
- www.ams.usda.gov/tmd/ocean

Agricultural Ocean Transportation Trends

- ORB provides only numbers/tariffs
- Majority of shipments move under service contracts
- Not just about the rates...service, economy, availability, surcharges, contract negotiations, labor, security, congestion

Agricultural Ocean Transportation Trends

- Semi-annual
- Survey shippers representing over 150,000 TEUs of agricultural shipments
- Input from freight forwarders, vessel and non-vessel operating carriers

Agricultural Ocean Transportation Trends – June 2002

- Trends in Freight Rates
 - Low Rates Concern Shippers
 - Impact of Carriers' Response to Low Rates
- Trends in Service Contract Negotiations
 - Flexible Contract Start Dates
 - Service Contract Guarantees
 - Accepting More Liability for Cargo

Agricultural Ocean Transportation Trends – June 2002

- Other Trends and Issues
 - West Coast Labor Negotiations
 - Potential Disruptions Due to Security Legislation
- Ocean Freight Rate Analysis
- www.ams.usda.gov/agott

Ocean Rate Analysis

